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SIPDIS

FOR WHA/CEN - JENNIFER VAN TRUMP

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SUBJECT: BELIZE'S MONEY-GRAM MONEY LAUNDERING INVESTIGATIONS

1. Recent GOB investigations into money laundering operations conducted through a MoneyGram sub-agency in Belize have revealed identity theft through the fraudulent use of the Belize City Council's drivers license database during the period October 2007 to December 2008.

2. Money Exchange International, the MoneyGram sub-agency which is being investigated for money laundering activities in Belize, was found to have provided a service called Instadollar to internet gamblers in Peru, Turkey, and the United States. Foreign funds were laundered, presumably under the guise of gambling transactions, when they were sent to Belize using the MoneyGram facility. The money was thereafter collected using identification details fraudulently obtained from the Belize City Drivers License database. Over BZ\$35 million (US \$17.5 million) in fraudulent transactions is estimated to have occurred during the 18-month period under investigation.

3. It is not yet clear how the Belize City Council's drivers license database was compromised. However, the staff of the Belize City Council as well as Fultec Systems Limited personnel had access to the database. Fultec is a computer software company which was contracted to set up the database system for the Belize City Council. It is also a sister company to Ommi Networks Limited, which was the master agent for MoneyGram International in Belize. In turn, Money Exchange International was a sub-agent of Omni Networks Limited. Allegations that the link between these sister companies may be the reason for the breach of the database system have been denied by a senior representative of Omni Networks and Fultec Systems. To date, neither Omni Networks nor Fultec Systems has been implicated by Belizean authorities in connection with money laundering activities.

4. Nevertheless, the Central Bank of Belize has since terminated MoneyGram's operations through the sub-agent, Money Exchange International, as well as through the master agent, Omni Networks Limited. These money transfer services have now been transferred to a limited extent to the Belize Bank Limited.

5. The discovery of identity theft was made as part of a wider criminal investigation being undertaken by Belize's Financial Intelligence Unit into money laundering charges levied against Money Exchange International and its principals. In January 2009, various members of the Coye family (Marlene, Michael, Jude and Melonie Coye), along with James Gerou and later Ernest Raymond Jr., who were connected to the operations of the MoneyGram sub-agency, were detained after BZ\$ 1.5 million in cash was found in the Coye's residence. The case against Money Exchange International and its representatives is due to be heard before the Belize City Magistrate's Court on Tuesday, June 16, 2009.

DIFFILY